

**UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF ALABAMA
SOUTHERN DIVISION**

LAURA FAUGHT and STEVEN
FAUGHT, on behalf of
themselves and all others
similarly situated,

Plaintiffs, * Case No. 07-CV-1928-RDP

vs.

AMERICAN HOME SHIELD
CORPORATION,

Defendant. *

**KARON AND L.B. CHIP EDLESON'S REPORT
IN RESPONSE TO THE JULY 9, 2010 ORDER**

Karon and L.B. Chip Edleson¹ answer the two questions raised in the July 9, 2010 order as follows.

A. What Has Taken Place in the *Edleson* Action?

1. Proceedings Subsequent to the Issuance of the All Writs Act Injunction

Since this Court issued the October 30, 2009 injunction (the “All Writs Act Injunction”), no activity has occurred in *Karon and L.B. Chip Edleson v. American Home Shield of California, Inc. et al.*, No. 37-2007-00071725-CU-BT-CTL, pending before the Superior Court of California, County of San Diego (the “*Edleson* Action”), other than two status conferences, which were held on November 10, 2009 and June 11, 2010. At each conference, the Edlesons and American Home Shield Corporation (“AHS”) reported to the Honorable Jay M. Bloom of the Superior Court regarding the status of the class action settlement approved by this Court (the “*Faught* Settlement”). And Judge Bloom stated that no activity could occur in the *Edleson* Action unless this Court lifts or modifies the All Writs Act Injunction. The next status conference is set for October 15, 2010.

2. Proceedings Before the Issuance of the All Writs Act Injunction

The *Edleson* Action arose from AHS’s failure to carry out its obligations under the home warranty insurance plans AHS issued to the

¹ The Edlesons preserve their objections to personal jurisdiction.

Edlesons. In July 2007, the Edlesons commenced action in the Superior Court, asserting three claims on behalf of a putative class: (1) breach of contract; (2) violations of the California Legal Remedies Act (“CLRA”), California Civil Code § 1750 *et seq.*; and (3) violations of the California Unfair Competition Law (“UCL”), California Business & Professions Code § 17200 *et seq.* AHS demurred.

Following the denial of AHS’s demurrer in October 2007, the Edlesons conducted extensive discovery. The Edlesons took five depositions and reviewed over 16,000 pages of documents and 2.11 gigabytes of electronic data.

While discovery was ongoing, the Edlesons and AHS began negotiating settlement in early 2008 with the assistance of retired California Court of Appeal Justice Howard B. Weiner. The negotiations resulted in a settlement agreement in September 2008. The Honorable Steven R. Denton of the Superior Court granted preliminary approval of that settlement in December 2008. Subsequently, Judge Denton recused himself and was replaced by Judge Bloom. In July 2009, Judge Bloom denied final approval.

Subsequent to the Superior Court’s denial of final approval, the Edlesons conducted additional discovery and retained an expert. Through

these efforts, as well as previously-completed discovery, the Edlesons gathered compelling evidence of AHS's unlawful practices, including AHS's own incriminating documents, numerous homeowner declarations about their negative experiences with AHS, and a detailed expert declaration. Based on the evidence, the Edlesons moved in October 2009 for a preliminary injunction to enjoin AHS from continuing its unlawful business practices. But AHS prevented the Superior Court from ruling on the motion by obtaining the All Writs Act Injunction.

B. Are the Edlesons Still Seeking Relief on the Part of a Putative Class?

The Edlesons are no longer seeking relief on the part of a putative class since they have opted out of the *Faught* Settlement. The Edlesons intend to pursue only their individual claims, including their CLRA and UCL claims, and to seek any and all relief available to them under California law through such claims.

Dated: July 14, 2010



KARON EDLESON



I.B. CHIP EDLESON

Of counsel:

JONES, WALKER,
WAECHTER, POITEVENT,
CARRERE & DENEGRE, L.L.P.
Kirkland E. Reid (REIDK9451)
Post Office Box 46
Mobile, AL 36601
Tel.: (251) 439-7513
Fax: (251) 433-4106
kreid@joneswalker.com

JOHNSON BOTTINI, LLP
501 West Broadway
Suite 1720
San Diego, CA 92101
Tel.: (619) 230-0063
Fax: (619) 238-0622

Counsel for Karon and L.B. Chip Edleson

CERTIFICATE OF SERVICE

I certify that I have on the 16th day of July, 2010 filed the foregoing Karon and L.B. Chip Edleson's Report in Response to the July 9, 2010 Order with the Clerk of the Court using the EM/ECF system, which will send notification of such filing to the following counsel of record:

John E. Goodman, Esq.
Bradley Arant Boult Cummings LLP
One Federal Place
1819 Fifth Avenue North
Birmingham, AL 35203
jgoodman@babc.com

D. Frank Davis, Esq.
Davis & Norris, LLP
2154 Highland Avenue South
Birmingham, AL 35205
fdavis@davisnorris.com

Frank H. Tomlinson, Esq.
15 North 21st Street, Suite 302
Birmingham, AL 35203
htomlinson@bellsouth.net

John W. Davis, Esq.
Law Office of John W. Davis
501 West Broadway, Suite 800
San Diego, CA 92101
john@johnwdavis.com

Joel S. Feldman, Esq.
Sidley Austin LLP
One South Dearborn Street
Chicago, IL 60603
jfeldman@sidley.com

Lea Bone, Esq.
Bates & Bones, LLP
2151 Highland Avenue, Suite 120
Birmingham, AL 35205
lbone@batesbone.com

Kearney S. Hutsler, Esq.
2700 Highway 280, Suite 320W
Birmingham, AL 35223
kdhlaw@hotmail.com

Dated: July 16, 2010

s/ Kirkland E. Reid
Kirkland E. Reid